

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION**

IN RE:	§	
	§	
FPMC AUSTIN REALTY	§	BANKRUPTCY NO. 16-10020-TMD
PARTNERS, LP,	§	
	§	CHAPTER 11 PROCEEDING
DEBTOR.	§	

**DECLARATION AND PROFFER OF TESTIMONY OF WILLIAM R. PATTERSON
IN SUPPORT OF APPLICATION FOR ALLOWANCE OF ADMINISTRATIVE
EXPENSES INCURRED IN MAKING A SUBSTANTIAL CONTRIBUTION TO THIS
CHAPTER 11 CASE PURSUANT TO 11 U.S.C. § 503(b)**

Neal Richards Group, LLC (“NRG”) files this Declaration and Proffer of Testimony of William R. Patterson in Support of the Application for Allowance of Administrative Expenses Incurred in Making a Substantial Contribution to this Chapter 11 Case Pursuant to 11 U.S.C. § 503(b) (the “Application”) as follows:

I, William R. Patterson, declare and testify as follows:

1. I am a Principal with Bridgepoint Consulting, LLC (“Bridgepoint”), a management consulting firm assisting companies through their business lifecycle, and lead Bridgepoint’s Business Turnaround practice. I am over the age of 18 years and I have never been convicted of a crime. I am fully competent to make this declaration. All the facts stated herein are within my personal knowledge and are true and correct.

2. I have 30 years of experience working with stakeholders as a financial advisor and chief restructuring officer and I have assisted numerous companies in navigating the complexities of recapitalization, bankruptcy, reorganization, and litigation issues. My responsibilities with Bridgepoint have included company reorganizations to optimize company valuation; sale of company assets through bankruptcy 363 sales; and liquidation of assets through non-judicial

means, among others. Before joining Bridgepoint, I spent ten years with Big Four firms KPMG Consulting, LLP and PricewaterhouseCoopers and served as the CFO of early-stage and mid-market companies. My resume is identified as Exhibit 56.

3. I have represented companies through proceedings in and out of court as Chief Restructuring Officer (CRO); financial advisor, debtors in possession and creditor groups; financial advisory, trustee; examiner/auditor; and receiver. I am also recognized as a Certified Public Accountant, Certified Insolvency & Reorganization Advisor (CIRA), and Certified Turnaround Professional (CTP).

4. I have been asked to review the reasonableness and necessity of the expenses in the amount of \$2,875,000.00 incurred by NRG through the services provided by glendonTodd Capital, LLC ("glendonTodd") and its CEO, Todd Furniss, in negotiating and closing the sale of FPMC Austin Realty Partners, LP's ("Debtor") main assets, the short term acute care hospital and medical office building, together with a 443 stall adjacent parking garage (collectively, the "Property") along with certain personal property. I understand that Creditor Neal Richards Group, LLC requests \$2,875,000.00 for reimbursement of its expenses incurred as a result of the substantial contribution and an additional \$20,000,000.00 in benefit accreted to the Estate as a result of the efforts of NRG and glendonTodd (the "Substantial Contribution Expense").

5. In assessing reasonableness and necessity of fees I reviewed the following documents: Application of Neal Richards Group, LLC for Allowance of Administrative Expenses Incurred in Making a Substantial Contribution; Declaration and Proffer of Testimony of Todd Furniss and related Exhibits (Sept. 20, 2016); Oral Deposition of Todd A. Furniss, Sept. 1, 2016;; Written Consent of Managers of NRG (June __, 2016) (NRG 002857-002861); Limited Partnership Agreement of FPMC Austin Realty Partners, LP;; and Schedule of glendonTodd

invoices to NRG and payments by NRG to glendonTodd – May 2015 to Sept 2016. I further have had multiple discussions with Todd Furniss and Mary Hatcher.

6. I understand the sale of the assets of the Debtor by NRG resulted in net proceeds of approximately \$115 million. I also understand that this result will allow the Debtor to pay: creditors 100% of their claims; the Limited Partners 100% of their invested capital; and the Limited Partners 100% of their preferred return. After these distributions, the Debtor will have excess profits available for distribution to Limited Partners and a Promote Fee of 40% to the General Partner. I understand glendonTodd and Todd Furniss were instrumental in the Debtor being able to achieve this result of paying off the creditors and returning invested capital and a return to the investors.

7. I understand that glendonTodd and Todd Furniss played a significant role in the process of identifying prospective purchasers, soliciting the interest of these parties, and negotiating with the prospective parties. The fee charged by glendonTodd to NRG for these services equals 2.5% of the proceeds of \$115 million. The 2.5% fee is in the range of other investment banking firms that have been engaged by debtor companies in the Western District of Texas during the last several years. Examples:

- a. VPR Operating, LLC (13-10599) engaged Global Hunter with a transaction fee of 2.5%;
- b. Dune Energy, Inc. (15-10336) engaged Parkman Whaling LLC with a fee of \$500,000 plus 2% for all proceeds over \$30.3 million; and
- c. Trinity River Resources LP (16-10472) engaged Scotia Waterus with a fee of 2.25% for up to \$70 million sale price and 3% for any proceeds in excess of \$70 million.

8. Based on the documents I have reviewed along with my knowledge, experience, education and training, I am of the opinion that Substantial Contribution Expenses incurred by NRG on behalf of Mr. Furniss's efforts are both reasonable and necessary expenses.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Signed this 21st day of September, 2016.



William R. Patterson



WILLIAM R. PATTERSON, CPA, CTP, CIRA

Professional Summary

Bill offers 30 years of experience working with stakeholders as financial advisor and chief restructuring officer. He has assisted numerous companies in navigating the complexities of recapitalization, bankruptcy, reorganization, and litigation issues.

Industry expertise includes: retail; manufacturing; construction; consumer products; distribution and transportation; services; E&P; oil services; renewable energy; medical devices; durable medical equipment; and financial services.

Expertise

- *Chief Restructuring Officer*
- *Recapitalization, bankruptcy, reorganization and litigation specialist*
- *Cash Flow Enhancement*
- *Corporate Reorganization*
- *Debt Restructuring*
- *Certified Turnaround Professional*
- *Certified Insolvency and Reorganization Advisor*

Bridgepoint Consulting Experience

2001 to current

Patterson Consulting (2001 to 2003 – joined Bridgepoint in 2003)

Summary of recent project and assignment:

- Represented companies through proceedings in and out of court as:
 - Chief Restructuring Officer (CRO);
 - Financial Advisor, Debtors in Possession; Creditor Groups
 - Financial Advisor, Trustees;
 - Examiner/Auditor; and
 - Receiver
- Responsibilities have included:
 - Company reorganization to optimize company valuation;
 - Negotiations with stakeholders to reach consensual Plan of Reorganization;
 - Management oversight of operations;
 - Sale of company assets through bankruptcy 363 Sales;
 - Liquidation of assets through non-judicial means;
 - Bankruptcy court reporting;
 - Expert witness testimony;
 - Forensic investigations;
 - Insolvency analyses;
 - Cash flow monitoring and reporting; and
 - Operating company on an interim basis.
 - Performed contract CFO Duties for operating companies. Functional responsibilities have included operations; financial reporting; treasury; human resources; insurance; strategic planning; productivity measurements and performance improvement activities; M&A due diligence; tax compliance; and other regulatory requirements.

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- Launched and directed Sarbanes-Oxley 404 project management cycles, performed enterprise risk assessments, and established appropriate scope and breadth parameters unique to each client's needs for numerous publicly traded companies in compliance with PCAOB and COSO requirements.

Past Experience

Memorial Enterprises, Inc., Austin, TX (1998 – 2001)

Chief Financial Officer

- Managed five acquisitions of family owned businesses in multiple retail markets in Texas, Colorado and Wyoming. Integrated operations of this granite wholesaler and fabricator while increasing retail sales by 1200% over three years.
- Organized board and investor reporting, cash management, financial projections, bank relations, accounting, human resources, and equity raises.
- In 12 month period reversed cash flow from a negative burn of 13% of revenue to a positive cash flow.

KPMG Consulting, LLP, Austin Texas (1997 – 1998)

Manager

- Provided consulting services, including process improvement and reengineering, best practice reviews, performance evaluations, and information system implementations to various state and local governments and other organizations, including State agencies, counties, municipalities, school districts, and other not-for-profit entities.

TEAMSS Consulting, Austin, Texas (1994 – 1997)

Principal

- Established a consulting practice focused on valuation, business improvement, and benchmarking services with emphasis on the Texas electric utility market.
- Conducted Performance Review of the Public Utility of Texas for the Comptroller of Public Accounts.
- Performed operational reviews; benchmarking; valuations; and business improvement consulting for electric transmission and distribution companies.

Price Waterhouse (now PricewaterhouseCoopers), Dallas, Texas (1985 – 1994)

Manager

- Provided audit services in the Price Waterhouse / Dallas audit department, and gained experience and expertise in financial reporting and auditing, including public offerings, acquisitions, divestitures, and other transactional work.
- Provided financial and management consulting services in a number of significant transactions and bankruptcy proceedings, including the NationsBank purchase of First Republic Bank of Texas, Bank of Irelands purchase of six New Hampshire banks, Greyhound Lines, and Southmark Corporation, a large real estate syndication company.
- International experience includes the due diligence review for Ericsson, the Swedish telecommunications company, of a Polish telecom company, and work for the State of Kuwait. The engagement for the State of Kuwait was the valuation of damages resulting from the invasion by Iraq. The engagement resulted in the completion of over \$100 Billion in Statements of Claims filed before the United Nations' Compensation Commission on behalf of the State of Kuwait.

Education

Baylor University in Waco, Texas

- Bachelor of Business Administration in Accounting

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Certifications

- Certified Public Accountant, State of Texas, 1988
- Certified Insolvency & Reorganization Advisor (CIRA), 1992
- Certified Turnaround Professional (CTP), 2009
- Turnaround Management Association (Past President, Central Texas Chapter; Past National Board of Directors; current Central Texas Chapter Board of Directors)
- Association of Insolvency and Restructuring Advisors, Member
- State Bar of Texas, Bankruptcy Law Section – Non-lawyer Professional

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Litigation and Bankruptcy Experience

Bill has provided bankruptcy and restructuring services, expert witness testimony and analysis on a variety of litigation matters. A few notable cases include:

Chief Restructuring Officer, Buffets, LLC, Chapter 11 Case No. 16-50557-rbk, Western District of Texas, San Antonio Division: Appointed in this Ch. 11 filing to provide CRO duties for this group of debtor companies.

Financial Advisor, Team Express Distributing, LLC, Debtor, Chapter 11 Case No. 15-5304-cag, Western District of Texas, San Antonio, Division: Appointed as financial advisor for the Unsecured Creditors Committee for this ecommerce sporting good company. Debtor successfully negotiated a sale of the business to a third party operator and realized a return to the unsecured creditors.

Reporting Accountant (Examiner), Mark P. Hardwick, Debtor, Chapter 11 Case No. 15-10112-TMD, Western District of Texas, Austin, Division: Appointed in this E&P company Ch. 11 filing to perform forensic accounting and report to the Court on pre-petition and post-petition sources and uses of funds, including receipts of production payments and payments and well operators.

Financial Advisor, Transportation Company - Midwest: Acted in capacity as Financial Advisor for this \$70 million courier business. Worked with Management to improve cash flow; identified alternative lenders; and replaced credit facility for a large national bank.

Chief Restructuring Officer, VPR Operating, LLC, Chapter 11 Case No. 13-10599-tmd, Western District of Texas, Austin Division: Appointed as a Chief Restructuring Officer in Chapter 11 proceeding for this E&P company. Negotiated DIP Financing facility; managed operating company during bankruptcy; and successfully sold assets through 363 proceeding.

Chief Financial Officer, Blue Matrix Labs, LLC, Chapter 11 Case No. 15-52977-rbk, Western District of Texas, San Antonio Division: Appointed as Chief Restructuring Officer in Chapter 11 proceeding for this consumer product company. Negotiated DIP Facility and managing company through Chapter 11 process.

Receiver, Austin Motor Imports, LLC, District Court of Travis County, 250th Judicial District, Cause No. D-1-GN-11-001608: Acted in capacity as Receiver for this privately held company in State Court litigation. Role included selling business assets; assuming control of business operations; soliciting offers and selling business assets; and dissolution of the business entity.

Expert Witness, Land Development Litigation, confidential: Provided expert witness testimony in the determination of damages and causes of action brought by investors against a land developer.

Financial Advisor, Retailer - confidential: Working with creditor of large regional bank, negotiated forbearance agreement and workout plan, monitored performance against budget, and introduced alternative sources of financing.

Expert Witness, Marital Divorce Proceedings, confidential: Provided expert witness testimony in the determination of appropriate distributions from a community property-owned business.

Chief Restructuring Officer, Valence Technologies, Inc., Chapter 11 Case No. 12-11580, Western District of Texas, Austin Division: Appointed by a Bankruptcy Court as a Chief Restructuring Officer in Chapter 11 proceeding.

Financial Advisor, Liquidating Trustee, confidential: Provided financial advisory services to Liquidating Trustee. Performed preference analysis for payments made by debtor to vendors and other third parties.

Financial Advisor, Trustee, confidential: Provided financial advisory services to Trustee tracing cash proceeds from Debtors to domestic and foreign entities and accounts.

Financial Advisor, Seda France, Inc., Debtor-in-Possession, Western District of Texas, Austin Division, Case No.10-12948-CAG: Provided financial advisory services to this consumer goods company and negotiated a settlement with creditors in a 4 month bankruptcy process.

Receiver, Corporate Receivership, IES Houston Resources, Inc. vs. WBK. L.P., District Court of Travis County, 261st Judicial District, Cause No. GN-08-003043: Responsible for administering estate, identifying and liquidating assets and distribute proceeds in accordance with Court Order.

Financial Advisor, Debtor, confidential: Established consensual (between Debtor and Secured Lenders) cash budgets and monitoring of operations and cash resulting of 100% payback of lenders.

Financial Advisor, Debtor, confidential: Developed a restructuring plan with debt forgiveness for this failed business. Negotiated settlements with vendors and secured debt holders.

Expert Witness, Arbitration Proceedings, confidential: Provided expert witness testimony in the settlement of a dispute between an acquiring and a selling company related to the calculation of an earn-out provision in an Asset Purchase Agreement.

Chief Restructuring Officer, Gourmet Express, LLC, et all Debtors, Chapter 11 Case No. 07-52143, Western District of Texas, San Antonio Division: Responsibilities included overseeing the sale of the Company to third-party investors; evaluating litigation owned by the Company; reporting activities to the Court; and working with management during the Chapter 11 process.

Auditor/Examiner, TK & AS Investments, Inc. vs. Al D. Sani vs. Hassan Kalantari, THA Investments, Inc., and THK Investments, Inc., District Court of Travis County, 98th Judicial District, Cause No. GN-300464: Appointed by the Court as an auditor/examiner to investigate and examine the financial accounts and records of multiple real estate partnerships in a dispute between two owners / partners.

Claims Analysis for Chapter 11 Debtor: Prepared an analysis of international shipments from China and other Asian suppliers and determined the validity of the claim in this Chapter 11 matter for a consumer products company.

Service Provider: Provided expert witness testimony in matter involving employee gross negligence and fraud.

Rainbow Materials, Inc., Austin, Texas: Assisted a significant secured creditor with developing a plan to acquire ownership of secured assets and operations of a ready mix company.

SRI Sports, Inc., Austin, Texas: Evaluated the strategic alternatives of a significant creditor in the Chapter 11 bankruptcy of this turf and construction company.

Public Authority for Assessment of Compensation, State of Kuwait: Valued the damages sustained by Kuwait resulting from the Iraqi invasion, including real and tangible property losses, interrupted contracts, lost income, and other intangible losses. Specific claims prepared included the Ministry of Communications (state-owned telephone company) and Ministry of Interior (police, National Guard, border control). Other responsibilities included assisting in the development of valuation techniques and project management.

Southmark Corporation, Debtor-In-Possession: Performed financial analyses and expert witness testimony for a debtor with over 100 subsidiary companies, \$5 billion in debt, and 50,000 creditors for purposes of developing a Plan of Reorganization.

Greyhound Lines, Inc., Debtor-In-Possession: As financial advisor for the Official Unsecured Creditors' Committee, analyzed the company's business plans including projected operating revenues and expenses, analyzed the company's liquidation analyses, prepared a preferential transfer analysis, developed a cash reporting system, and assisted in negotiations of the sale of a bus leasing subsidiary.

General Contractor Lost Profits: As expert witness on behalf of a general contractor, calculated lost profits on a school construction project.

Liability from Private Aircraft Crash: As advisor to the defendant, analyzed damages calculated from the estate of a deceased executive of a publicly traded company.

Savings and Loan Fraudulent Transactions: Working on behalf of the Resolution Trust Corporation, reviewed loan files and linked loan fundings and payoffs in a scheme by a group of Savings and Loans in the Southwest.

Distribution of Proceeds to Plaintiffs: In litigation involving defrauded investors in manipulation of stock price of a publicly traded company, developed database of eligible plaintiffs and calculation for funding proceeds to plaintiffs.